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## TTM Technologies, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Our first question is from the line of Amit Daryanani with RBC Capital Markets. Please go ahead.

#### Amit Daryanani – RBC Capital Markets

Thanks, good afternoon guys. Just a question, I guess, looking at the guidance, midpoint it looks like things would be down about 3%, 4%. Could you just talk about sequentially what are you seeing in end markets that's driving that softness?

#### Kent Alder

That's a good question Amit. Just let me review maybe the end markets. The networking/communications – really we're seeing some seasonality there in that end market with some slight, I would say softness, maybe that is related to networking equipment and so forth. So when you get some of the seasonal pressures and softness in the networking related equipment, plus the slowdown in Shanghai from our backplanes, which are predominantly networking/communications, we're seeing just some issues with that end market going forward.

There is nothing significant, I mean, really no big changes, but just a few tweaks in that that maybe related to the lower forecast. Our aerospace and defense, which went from 34% to 36%, that's pretty solid. I mean, we see that segment continuing to grow. Backlogs are strong, and that looks like that will continue into the third quarter. The computing/storage and peripherals, which is down 1%, that continues to be, I guess one area where there's a little more softness than, say the other end markets. Although it's pretty steady, there's some little seasonality there and a little softness, but still pretty solid. Medical/industrial/instrumentation, broad customer base, there's a little more churn in there between customers but overall the order patterns seem fairly steady. So, again some seasonal softness, but no major issues.

So just a few tweaks here and there on the networking end markets mainly related to seasonality, and some issues with Shanghai back panels associated with kind of one-time events around the Olympics, and then maybe some softness with network-related products.

#### Amit Daryanani – RBC Capital Markets

Kent, that's extremely helpful by the way. And then, if I could just maybe look at the gross margin line too, it looks like we are looking at things being down about 100 basis points, 110 basis points

sequentially. I would imagine in September we would see a little bit of uptick in quick-turn and that should have actually helped the margins out. A, could you talk about maybe why that's not happening, and B, is the margin delta or downfall purely because of the revenue issues, or there is something else we should be aware of?

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